

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NEW ORLEANS, LOUISIANA

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/8/07

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Member
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Michael B. Bruno, CPA
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Treme'Community Education Program, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of **Treme'Community Education Program, Inc. (TCEP)** (a nonprofit organization) as of June 30, 2006, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of TCEP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as further discussed in the next paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TCEP's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

At June 30, 2006, the statement of financial position reflected an out of balance condition in the interfund activity in the amount of \$48,545.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Treme'Community Education Program, Inc.
New Orleans, Louisiana
Page 2

TCEP sustained significant damages to its records and equipment as a result of Hurricane Katrina on August 29, 2005. As a result of the damage management had to reconstruct its financial and accounting records. Because of the limitation resulting from the lack of access to all records, management is unable to completely resolve the condition previously described. As such, we are unable to apply auditing procedures on the out of balance condition amount of \$48,545 necessary to satisfy ourselves about classifications and amounts comprising the financial position, statement of activities and cash flow for the year ended June 30, 2006.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the out of balance condition of \$48,545 in the interfund activity, the financial statements referred to above present fairly, in all material respects, the financial position of TCEP as of June 30, 2006, and the changes in its net assets, statements of functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 2, 2007, on our consideration of TCEP's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, this report contained instances of noncompliance and reportable conditions which are considered to be material weaknesses.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 2, 2007

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
ASSETS			
Cash (NOTE 3)	\$ 13,876	\$ -0-	\$ 13,876
Grant receivable net (NOTE 14)	-0-	-0-	-0-
Property and equipment, net (NOTES 5, 9 and 12)	<u>86,689</u>	<u>18,757</u>	<u>105,446</u>
Total assets	\$ <u>100,565</u>	\$ <u>18,757</u>	\$ <u>119,322</u>
LIABILITIES AND NET ASSETS			
<u>Liabilities</u>			
Amounts payable	19,381	-0-	19,381
Real estate taxes payable	10,073	-0-	10,073
Line of credit (NOTE 10)	12,452	-0-	12,452
Interest payable	1,877	-0-	1,877
Deferred revenues	3,073	-0-	3,073
Interfund payable, net	<u>48,545</u>	<u>-0-</u>	<u>48,545</u>
Total liabilities	<u>95,401</u>	<u>-0-</u>	<u>95,401</u>
Contingencies and Commitments (NOTES 5, 8, 11 and 12)			
<u>Net Assets</u>			
Temporarily restricted	-0-	18,757	18,757
Unrestricted	<u>5,164</u>	<u>-0-</u>	<u>5,164</u>
Total net assets	<u>5,164</u>	<u>18,757</u>	<u>23,921</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Support:			
Governor's Office of Urban Affairs and Development	\$ 60,267	\$ -0-	\$ 60,267
New Orleans Council on Aging	43,184	-0-	43,184
Support from other programs	32,303	-0-	32,303
Net assets released from restrictions:			
Restrictions satisfied by use	<u>8,526</u>	<u>(8,526)</u>	<u>-0-</u>
Total support	<u>144,280</u>	<u>(8,526)</u>	<u>135,754</u>
Revenues:			
Other income	<u>275</u>	<u>-0-</u>	<u>275</u>
Total revenues	<u>275</u>	<u>-0-</u>	<u>275</u>
Total support and revenues	<u>144,555</u>	<u>(8,526)</u>	<u>136,029</u>
Expenses:			
Program services	64,206	-0-	64,206
Supporting services	<u>113,539</u>	<u>-0-</u>	<u>113,539</u>
Total expenses	<u>177,745</u>	<u>-0-</u>	<u>177,745</u>
Change in net assets	(33,190)	(8,526)	(41,716)
Net assets, beginning of year	<u>38,354</u>	<u>27,283</u>	<u>65,637</u>
Net assets, end of year	\$ <u>5,164</u>	\$ <u>18,757</u>	\$ <u>23,921</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

UNRESTRICTED

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and benefits	\$ 40,287	\$ 45,430	\$ 85,717
Occupancy	165	750	915
Services and professional fees	2,316	10,551	12,867
Office supplies, printing and postage	184	963	1,147
Insurance	1,804	8,220	10,024
Gasoline	47	212	259
Equipment and equipment leases	52	-0-	52
Repairs and maintenance	216	987	1,203
Telephone	858	3,907	4,765
Depreciation	-0-	9,326	9,326
Bank service charges	77	338	415
Food and activities	60	272	332
Storage fees	61	280	341
Casualty loss	18,079	-0-	18,079
Support to other programs	<u>-0-</u>	<u>32,303</u>	<u>32,303</u>
Total	<u>\$ 64,206</u>	<u>\$ 113,539</u>	<u>177,745</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Cashflows from Operating Activities:	
Change in net assets	\$ (41,716)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation Expense	9,326
Casualty loss	18,079
Decrease in grants receivable	7,350
Decrease in line of credit	(243)
Decrease in prepaid insurance	3,312
Decrease in amounts payable	(5,163)
Decrease in payroll taxes	(567)
Decrease in bank overdraft	(966)
Increase in interfund payable, net	<u>20,426</u>
Net cash provided by operating activities	<u>9,838</u>
Cashflows from Financing and Related Activities:	
Retirement of net assets, net	<u>1,368</u>
Cash provided by financing and related activities	<u>1,368</u>
Increase in cash	11,206
Cash, beginning of year	<u>2,670</u>
Cash, end of year	\$ <u>13,876</u>

The accompanying notes are an integral part of these financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

Background

Treme' Community Education Program, Inc. (TCEP) is a non-profit organization established to provide social services to residents of New Orleans, Louisiana. It was established and incorporated on May 31, 1996, to promote and effectuate the planning and delivery of community services and social service programs within the community. TCEP is organized to mobilize such human and financial resources as may be available to correct the socio-economic deprivations affecting the area and to avail itself to the community. The primary sources of funding are the Governor's Office of Urban Affairs and Development, New Orleans Council on Aging and the Office of Facility Planning and Control.

TCEP manages two major programs. The first is Harmony House, which is a senior citizen recreation center. The Center provides a variety of essential life support and cultural enrichment services to seniors who reside in parts of the 5th, 6th, 7th and 8th Wards of New Orleans. The second program is Treme Development Center. This program provides after school mentoring services for at-risk youths between the ages of six to sixteen years, who reside or attend school in District 96 of Orleans Parish.

Contributed Services

Contributed services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Contributed services for the year ended June 30, 2006 was \$-0-.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Property and Equipment

TCEP follows the practice of capitalizing all purchased property and equipment over \$500. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

In the case of explicit restrictions regarding their use and contributions, the donated assets are reported as restricted contributions. Absent of donor restrictions regarding how long those donated assets must be maintained, TCEP reports the expiration when the donated or acquired assets are placed in service as unrestricted by the donor. Depreciation expense is computed using the straight-line method for all depreciable assets over their respective estimated useful lives. In accordance with TCEP's contract with the State, all property and equipment purchased become the property of the State upon completion or termination of its contract. As such, all property and equipment purchased with grant funds from the State are expensed in the year of acquisition.

Income Taxes

TCEP is as a not-for-profit entity exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Principles of Accounting

The financial statements of TCEP are prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis.

Basis of Presentation

For the year ended June 30, 2006, TCEP followed the requirements of Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 117 in the presentation of its financial statements. Under SFAS No. 117, TCEP is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. Unrestricted net assets include funds not subject to donor-imposed stipulations. Revenues received and expenses incurred in conducting the mission of TCEP are included in this category. TCEP has determined that any donor imposed restrictions for current or developing programs and activities are generally met within the operating cycle. In addition, TCEP is required to present a statement of cash flows. As such, the accompanying financial statements are presented in accordance with the requirement of SFAS 117.

Contributions

TCEP reports all contributions in accordance with the requirements of SFAS No. 116, "Accounting for Contributions Received and Contributions Made". As such, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Promises to Give

In accordance with SFAS No. 116, TCEP reports contributions as recognized when the donor makes a promise to give to TCEP that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

TCEP uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific promises made. At June 30, 2006, uncollectible allowance was \$-0-.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the purposes of the Statement of Cash Flows, TCEP considers all investment purchases with a maturity of three months or less to be cash equivalents.

Interprogram Activities

Interprogram activities have been eliminated in the accompanying Statement of Financial Position.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted in the accompanying Statement of Functional Expenses.

NOTE 3 - Cash:

At June 30, 2006, the carrying amount of TCEP's deposits was \$13,876 and the bank balance was \$14,337.

NOTE 4 - Fair Value of Financial Instruments:

The carrying amounts of cash, amounts receivable and payable, line of credit and accrued expenses approximate fair value because of the short maturities of these items.

NOTE 5 - Leases:

On April 8, 2003, TCEP executed a fifty (50) year lease with the City of New Orleans for a portion of square 289, Lot B for a rent amount of \$2,400 per year payable in advance on the first of the month.

Under the lease agreement, the annual rent shall be increased every five years by fifteen percent (15%) of the prior rental amount.

Furthermore, TCEP in lieu of the actual cash payment, affects the yearly rent beginning on June 1, 2002, by documenting the actual expenditure of funds committed by the State of Louisiana through a Cooperative Endeavor Agreement (See NOTE 12).

At June 30, 2006 cumulative cost incurred amounts to \$56,909 as an offset to the rent amount. (See NOTE 9). TCEP has determined that the necessary offset of the rent amount will be attained through the expenditure of the leasehold improvement activities.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Concentration of Credit Risk:

The primary funding sources for TCEP are the Governor's Office of Urban Affairs and Development, the New Orleans Council on Aging and the Office of Facility Planning and Control. If the amount of grant revenues received do not meet budgeted amount levels, TCEP's operating results could be adversely affected.

NOTE 7 - Risk Management:

TCEP is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, for which TCEP carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 8 - Contingencies and Commitments:

TCEP is subject to possible examination by regulatory agencies who determine compliance with laws and regulations governing grants provided to TCEP. These examinations may result in required refunds by TCEP to the agencies.

Based on correspondence from the Internal Revenue Service dated January 9, 2003 and subsequent discussions with management, TCEP has been assessed proposed penalties in addition to proposed adjustments of wages and federal employment tax pending final resolutions for 1999 through 2001 tax years. At June 30, 2006 and July 2, 2007, we are unable to determine the actual dollar amount of the proposed penalties and interest, if any, or its impact on the accompanying financial statements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Property and Equipment, net:

At June 30, 2006, property and equipment consisted of the following:

	Balance <u>July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	Other <u>Changes</u>	Balance <u>June 30, 2006</u>
Land and land improvements	\$ 15,115	\$ -0-	\$ -0-	\$ -0-	15,115
Equipment	56,183	-0-	(18,079)	-0-	38,104
Construction in progress	12,265	-0-	-0-	-0-	12,265
Leasehold improvements in progress	<u>56,931</u>	<u>-0-</u>	<u>-0-</u>	<u>(22)</u>	<u>56,909</u>
Sub-total	<u>\$140,494</u>	\$ <u>-0-</u>	<u>(18,079)</u>	<u>(22)</u>	<u>\$122,393</u>
Less:					
Accumulated depreciation	<u>(9,326)</u>	<u>(9,326)</u>	<u>1,705</u>	<u>-0-</u>	<u>(16,947)</u>
Total	<u>\$131,168</u>	\$ <u>(9,326)</u>	<u>\$ (16,374)</u>	<u>\$ (22)</u>	<u>\$105,446</u>

NOTE 10 - Line of Credit:

The line of credit consists of an outstanding draw payable to a bank at June 30, 2006 of \$12,452 on a revolving line-of-credit totaling \$50,000 effective July 20, 2000. The interest rate on the note is subject to change based on an index which is 2.25% plus the highest Wall Street Journal prime rate if there is more than one rate. Payment terms equal the sum of any fees, late and other charges, past due amounts plus the greater of \$150 or one and one-half percent (1.5%) of the outstanding principal and interest balance. As of June 30, 2006, the terms of the line of credit have not changed from inception.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Subsequent Events:

TCEP received grants totaling \$329,000 from the State of Louisiana Department of the Treasury, the New Orleans Council on Aging and the State of Louisiana for the fiscal year ending June 30, 2007.

The operations of TCEP was impacted on August 29, 2005 by the effects of Hurricane Katrina. At June 30, 2006 and July 2, 2007 management has completed and recorded its assessment of the financial effect of the destruction resulting from Hurricane Katrina.

NOTE 12 - Cooperative Endeavor:

On October 23, 2001, and December 11, 2001, TCEP executed cooperative agreements with the State of Louisiana (Division of Administration) pursuant to Act 22, of the 2001 regular session of the Louisiana Legislature.

The Act appropriated funding in the amount of two hundred forty thousand dollars (\$240,000) for the "Leverette Senior House, Planning and Construction (Orleans)" project. In addition, the Act appropriated three hundred thousand dollars (\$300,000) and five hundred and fifty thousand dollars (\$550,000) for the "Program Operations, Planning and Construction (Orleans)" project.

Furthermore, the Bond Commission granted a non-cash line of credit for the "Program Operations Planning and Construction (Orleans)" project in the amount of five hundred fifty thousand dollars (\$550,000). The agreement further charged the Office of Facility Planning and Control with the administration of the cooperative agreements.

At June 30, 2006, TCEP had drawn down \$12,265 in connection with the Leverette Senior House, Planning and Construction project and \$56,909 in connection with the Program Operation Program.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - Grants Receivable, Net:

At June 30, 2006 grants receivable, net consisted of the following:

	<u>Department of Education</u>
Grants receivable	\$ 19,749
Less allowance for doubtful accounts	(19,749)
Grants receivable, net	\$ <u>-0-</u>

Pursuant to a review conducted by the Department of Education (DOE), based upon requests for reimbursements (January through May, 2003) submitted by TCEP, DOE has disallowed costs totaling \$59,931.69 prior to the effect of reimbursements approved. It is management's assertion that the requests represent valid amounts due to TCEP. TCEP continued its discussions with the DOE and expects a favorable resolution. At June 30, 2005, the accompanying financial statements do not reflect the effects of adjustment, if any.

NOTE 14 - Per Diem to Board Members:

For the year ended June 30, 2006, the Board of Directors received no compensation in their capacity as directors.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Treme' Community Education Program, Inc.
New Orleans, Louisiana

Our report on our audit of the financial statements of **Treme' Community Education Program Inc.** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The supplementary information (Exhibits, I, II and III) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

July 2, 2007

TRIME COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

STATE OF LOUISIANA--									
GOVERNOR'S									
OFFICE OF									
URBAN AFFAIRS									
AND									
NEW ORLEANS									
COUNCIL ON									
AGING									
RESTRICTED									
TOTAL									

TRAME' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

	STATE OF LOUISIANA				STATE OF LOUISIANA— GOVERNOR'S OFFICE OF URBAN AFFAIRS AND NEW ORLEANS COUNCIL ON AGING				TOTAL	
	GENERAL PROGRAM	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	OFFICE OF FACILITY PLANNING AND CONTROL	LOUISIANA STADIUM AND EXPOSITION DISTRICT			RESTRICTED	
LIABILITIES AND NET ASSETS (DEFICIT)										
Liabilities:										
Accounts payable	0-	12,720	3,483	0-	0-	0-	3,678	0-	0-	19,381
Real estate taxes payable	10,073	0-	0-	0-	0-	0-	0-	0-	0-	10,073
Line of credit	12,452	0-	0-	0-	0-	0-	0-	0-	0-	12,452
Interest payable	1,877	0-	0-	0-	0-	0-	0-	0-	0-	1,877
Deferred revenues	0-	0-	0-	0-	0-	0-	3,073	0-	0-	3,073
Interfund payable	78,305	36,520	16,396	0-	0-	10	88	0-	0-	131,319
Total liabilities	102,707	48,740	19,879	0-	0-	10	6,839	0-	0-	178,175
Net assets (deficit):										
Unrestricted	(81,392)	0-	17,365	12,265	56,931	(5)	0-	18,757	18,757	23,921
Total net assets (deficit)	(81,392)	(31,721)	17,365	12,265	56,931	(5)	0-	18,757	18,757	23,921
Total liabilities and net assets (deficit)	\$ 21,315	\$ 48,740	\$37,244	\$12,265	\$56,931	\$ 5	\$ 6,839	\$18,757	\$18,757	\$202,096

See Independent Auditors' Report on Supplementary Information.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	STATE OF LOUISIANA										STATE OF LOUISIANA - GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT TEMPORARILY RESTRICTED			TOTAL
	GENERAL PROGRAM	GOVERNOR'S OFFICE OF URBAN AFFAIRS AND DEVELOPMENT	DEPARTMENT OF EDUCATION	LEVERETTE HOUSE	OFFICE OF FACILITY PLANNING AND CONTROL	LOUISIANA STADIUM AND EXPOSITION DISTRICT	NEW ORLEANS COUNCIL ON AGING							
Expenses														
Program services	\$ -0-	\$ 46,505	\$ -0-	\$ -0-	\$ 22	\$ -0-	\$ 17,679	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 64,206
Supporting services	41,716	46,318	-0-	-0-	-0-	-0-	25,505	-0-	-0-	-0-	-0-	-0-	-0-	113,539
Total expenses	41,716	92,823	-0-	-0-	22	-0-	43,184	-0-	-0-	-0-	-0-	-0-	-0-	177,745
Change in net assets	(33,190)	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(8,526)	(41,716)
Net assets (deficit), beginning of year as restated	(48,202)	-0-	17,365	12,265	56,931	(5)	-0-	-0-	-0-	-0-	-0-	-0-	27,283	65,637
Net assets (deficit), end of year	<u>\$ (81,392)</u>	<u>\$ -0-</u>	<u>\$ 17,365</u>	<u>\$ 12,265</u>	<u>\$ 56,931</u>	<u>\$ (5)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,757</u>	<u>\$ 23,921</u>

See Independent Auditors' Report on Supplementary Information.

TRIME COMMUNITY EDUCATION PROGRAM, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

See Independent Auditors' Report on Supplementary Information



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Treme' Community Education Program, Inc.
New Orleans, Louisiana

We have audited the financial statements of Treme' Community Education Program, Inc. (TCEP) as of and for the year ended June 30, 2006, and have issued our report thereon dated July 2, 2007. Except for our inability to apply auditing procedures to the out of balance condition in TCEP's interfund activity in the net amount of \$48,545, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TCEP's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement could adversely affect TCEP's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Summary Schedule of Findings and Responses as items 2006-01 and 2006-02.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions previously described, we consider items 2006-01 and 2006-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TCEP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Responses, as items 2006-01, 2006-02, and 2006-03.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(CONTINUED)

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, the Governor's Office of Urban Affairs and Development, the New Orleans Council on Aging and the Office of Facility Planning and Control and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 2, 2007

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2006

We have audited the financial statements of Treme' Community Education Program, Inc. as of and for the year ended June 30, 2006, and have issued our report thereon dated July 2, 2007. Except as discussed on page 1, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Qualified**

Internal control over financial reporting:

- | | |
|------------------------------------------------------------------------------------------------|------------|
| • Material weakness(es) identified? | Yes |
| • Reportable condition (s) identified
that are not considered to be
material weaknesses? | No |

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

- | | |
|-----------------------------------------------------------------------------------------------|-------------|
| • Material weakness(es) identified? | N/A* |
| • Reportable condition(s) identified
that are not considered to be
material weaknesses? | N/A* |

*Not Applicable

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditors' Results, Continued

Type of auditor's report issued on compliance for major programs:	N/A*
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	N/A*
Identification of major programs:	N/A*
Dollar threshold used to distinguish between type A and type B programs	N/A*
Auditee qualified as low-risk auditee?	N/A*

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section II - Financial Statement Findings and Responses

Reference Number

2006-01

Criteria

Management of TCEP is responsible for the maintenance of an effective internal control system.

Condition

Our review of TCEP's June 30, 2006 general ledger revealed the following conditions:

- No monthly analysis and review were performed on significant general ledger account balances such as payables, prepaid insurance, interfund activities etc., to ascertain the validity in recorded amounts;
- The general ledger at June 30, 2006, had an interfund out of balance condition in the net amount of \$48,545; and
- Audit adjustments for the 2005 audit were not posted to the general ledger prior to the current audit.

We noted through discussions with management that the general ledger was reconstructed because of the destruction of its accounting and program records resulting from the impact of Hurricane Katrina.

Questioned Costs

None.

Effect

The described conditions affect TCEP's ability to prepare and submit complete and accurate financial statements.

Cause

The destruction of its records from the impact of Hurricane Katrina on August 29, 2005.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2006-01

Recommendation

We recommend that management continue in its efforts toward a complete reconstruction of all records. In addition, all general ledger accounts should be reconciled to ensure completeness of TCEP's financial statements.

Management's Response

Management anticipates a complete reconstruction and reconciliation of all accounts by no later than September 30, 2007.

Reference Number

2006-02

Criteria

TCEP is required by contract provisions to maintain evidence supporting amounts and/or disclosures in TCEP's financial statements, including evidence supporting compliance with program activities.

Condition

As a result of the impact of Hurricane Katrina on August 29, 2005, certain selected documents such as cancelled checks, timesheets, validated deposit slips, were not available for a part of the fiscal year ended June 30, 2006.

Questioned Costs

None.

Effect

Potential non-compliance with award program compliance requirements.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2006-02

Cause

The impact of Hurricane Katrina.

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim towards ensuring the completeness of its records retention in the event of a disaster. Also, management should continue in its effort towards the reconstruction process.

Management's Response

Management and Board are upgrading the organization's disaster plan.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section II - Financial Statement Findings and Responses, Continued

Reference Number

2006-03

Criteria

Pursuant to the requirements of Louisiana Revised Statute 24:513 and the Louisiana Governmental Guide, audited financial statements are required to be submitted to the Legislative Auditor within six months of the close of TCEP year end.

Condition

The audit report for TCEP was submitted late.

Questioned Costs

None.

Effect

Non-compliance with the submission requirements of 24:513.

Cause

Transitional challenges from the impact of Hurricane Katrina.

Recommendation

None.

Management's Response

Management anticipates timely submission of its June 30, 2007 audit.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported as TCEP received no federal award for the year ended June 30, 2006.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV -Status of Prior Years' Findings and Responses

Reference Number

2005-01

Condition

Our review of TCEP's June 30, 2005 general ledger revealed the following conditions:

- No monthly analysis was performed on general ledger account balances such as payables, prepaid insurance etc., to ascertain the validity in recorded amounts; and
- The general ledger at June 30, 2005, had an interfund out of balance condition in the amount of \$28,119.

We noted through discussions with management that the general ledger was reconstructed because of the destruction of its records resulting from the impact of Hurricane Katrina.

Recommendation

We recommend that management continue in its efforts toward a complete reconstruction of its financial and program records. In addition, all significant general ledger accounts should be recorded to the respective control accounts on a timely basis.

Current Status

Unresolved. See current years' finding reference number 2006-01.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Years' Findings and Responses, Continued

Reference Number

2005-02

Condition

As a result of the impact of Hurricane Katrina, certain selected documents such as cancelled checks, timesheets, program participants file information etc., were not available.

Recommendation

We recommend that management evaluate its current disaster recovery plan with an aim geared towards ensuring the completeness of its records retention in the event of a disaster. Also, management should continue in its effort towards the reconstruction process.

Current Status

Unresolved. See current years' finding reference number 2006-02.

Reference Number

2004-01

Condition

Our review of the June 30, 2004 general ledger accounts revealed the following conditions:

- Prior period audit adjustments for the Office of Urban Affairs and Development program had no been posted to the accounting records;
- Interfund activities reflect an out of balance condition in the amount of \$26,964 at June 30, 2004;
- No established procedure to require the timely and periodic reconciliation of subsidiary ledger balances to their respective control account balances; and

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year's Findings and Responses

Reference Number, Continued

2004-01

Condition, Continued

- Nine (9) "ATM" transactions and check disbursement where invoices or supporting documentation to substantiate disbursements were not available for review; and
- No analysis performed on general ledger account balances such as other payables, refundable advances, etc. to ascertain the validity in recorded amounts.

Recommendation

We recommend that management through supervisory review ensure that all significant accounts are reconciled to the respective general ledger accounts on a timely basis with all out-of-balance conditions resolved immediately. Also, all disbursements should be properly supported by the appropriate invoices, etc.

Current Status

Partially resolved.

Management has implemented the necessary procedures to ensure the timely reconciliation of subsidiary ledgers, with an aim of the total reconciliation of the interfund out of balance conditions by September 30, 2007.

Reference Numbers

2004-02 and 2001-06

Condition

At June 30, 2005, TCEP had no bonding insurance coverage covering employees with access to cash.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Numbers, Continued

2004-02 and 2001-06

Recommendation

We recommend that TCEP secure bond insurance coverage.

Current Status

Unresolved. The allotment that TCEP receives from its funding sources does not warrant bonding insurance coverage.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Numbers

2004-03 and 2001-07

Condition

Continued lack of segregation of custodial and recordation functions or enhanced management oversight of all financial activities in instances where segregation of the custodial and recordation functions is not practical due to the size of TCEP's staff.

Recommendation

Management should continue to participate in all key internal control activities to include greater Board oversight.

Current Status

Partially resolved. Management continues to review and enhance its internal control procedures. A full time accountant has been hired and all receipts and disbursements are verified by the Administrative Assistant and approved by the Executive Director.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Numbers

2004-05, 2003-01 and 2002-01

Condition

The June 30, 2004 audited financial statements for TCEP were not submitted within the timeframe dictated by LSA-RS 24:513.

Recommendation

Management should continue to work towards ensuring the timely submission of all reports.

Current Status

Unresolved. See current year's finding and reference number 2006-03

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number

2003-05

Condition

The operations of TCEP's internal control over cash disbursements revealed the following:

- Noted no formal written accounting policies and procedures manual;
- Noted mechanism for tracking time and attendance of employees;

Also, our review of twenty-five (25) disbursements revealed:

- Eight (8) instances where invoices supporting disbursements made were not cancelled to minimize the potential for duplicate bill payment;
- Seven (7) instances where invoices or receipts to substantiate the disbursements were not available for review;
- Three (3) instances where cash disbursements above \$100 were not supported by check request in accordance with TCEP's cash disbursement procedures; and
- Ten (10) unrecorded debit card transactions.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number, Continued

2003-05

Recommendation

We recommend that management establish the necessary policies and procedures to enhance its internal control over cash disbursements to include the development of a formal written accounting policies and procedures manual. Management should also establish a time tracking mechanism to ensure that employees are paid in accordance with actual hours worked.

Current Status

Resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number

2003-08

Condition

TCEP's April 12, 2003 reimbursement request, revealed the following conditions:

- Noted no sign-in sheets for two(2) sites;
- One (1) site did not maintain sign-in sheets as back-up;
- A student whose name appeared on the sign-in sheets, was not included on the reimbursement request form;
- Noted two (2) students who did not have documented social security numbers as required;
- The name of the Executive Director was incorrectly associated with twenty (20) contact hours; and
- Noted total contact hours of 117 as recorded on the submitted sign-in sheets as compared to 802 contact hours per reimbursement request forms.

Recommendation

TCEP should re-evaluate its data collection, file maintenance and information reporting procedures with an aim towards ensuring the accurate reporting of all DOE activities.

Current Status

TCEP is in dialogue with the Department of Education.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number

2003-09

Condition

We were unable to substantiate the completeness of TCEP's general ledger because of several unrecorded transactions resulting from our performance of audit procedures. Interfund activity for the year ended June 30, 2003, revealed several unposted and improperly posted transactions. This condition contributed to the an out-of-balance condition in the interfund accounts at June 30, 2003 of \$14,075.

In addition, we were unable to trace the corresponding or offsetting entries to specific general ledger accounts for selected transactions. Also, we noted that several transactions were improperly recorded and classified. However, the overall general ledger did balance.

Subsidiary ledgers for significant general ledger accounts such as payables, net deficit and support, are not maintained and/or reconciled to the applicable general ledger control accounts.

Also, there were several balance sheet accounts in the general ledger that reflected balances at June 30, 2003, which were contrary to the nature of the account prior to the effect of audit adjustments.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number, Continued

2003-09

Recommendation

We recommend that management revisit with its procedures regarding the recordation and oversight of financial transactions with an emphasis on the preparation and submission of accurate financial statements.

Current Status

Partially resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Year' Findings and Responses, Continued

Reference Number

2003-10

Condition

Interfund advances are not reimbursed by the borrowing fund on a timely basis nor are interfund advances reconciled on a monthly basis. At June 30, 2002 the total interfund balance was approximately \$702,384.

Recommendation

Management should establish a procedure to facilitate the timely reimbursement of interfund advances and the periodic reconciliation of interfund advances.

Current Status

Partially resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Years' Findings and Responses, Continued

Reference Numbers

2002-02, 2001-04,
2000-01 and 2000-03

Condition

The operation of TCEP's internal control over financial reporting exhibited the following conditions:

- Subsidiary ledgers for significant general ledger accounts such as, payables, net deficit and support, are not maintained and/or reconciled to the applicable general ledger control accounts;
- Also, there were several balance sheet accounts in the general ledger that reflected balances at June 30, 2002, which were contrary to the nature of the account prior to the effect of audit adjustments;
- Untimely and inaccurate recordation of financial transactions;
- Untimely preparation and review of financial statements for accuracy and completeness as evidenced by the numerous audit adjustments;
- The June 2002 monthly bank account reconciliation for TCEP's JCCH program did not agree to the general ledger balance at June 30, 2002. The general ledger balance for the referenced account at June 30, 2002, was \$45.73 compared to the reconciled balance of \$.05;

TREME' COMMUNITY EDUCATION PROGRAM, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2006

Section IV - Status of Prior Years' Findings and Responses, Continued

Reference Number, Continued

2002-02, 2001-04,
2000-01 and 2000-03

Condition, Continued

- Noted no indication of supervisory review and/or approval of all reconciled bank accounts; and
- Untimely preparation of all bank account reconciliations.

Current Status

Partially resolved.

TREME' COMMUNITY EDUCATION PROGRAM, INC.
EXIT CONFERENCE

An exit conference was held with representatives of **Treme' Community Education Program, Inc.** The contents of this report were discussed and management indicated their concurrence in all material respects. Those individuals who participated in this and previous discussions are as follows:

TREME' COMMUNITY EDUCATION PROGRAM, INC.

Mr. Norman Smith	--	Executive Director
Ms. Linder Andrew	--	Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM	--	Partner
Ms. Ivionne Divinity	--	Staff Accountant



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Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Mr. Norman Smith, Executive Director
Treme' Community Education Program, Inc.
New Orleans, Louisiana

In planning and performing our audit of the financial statements of **Treme' Community Education Program, Inc. (TCEP)** as of and for the year ended June 30, 2006, we considered TCEP's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of TCEP's internal control.

However, during the course of our audit, we became aware of matters that are opportunities for strengthening internal control and operating efficiency. We previously reported on TCEP's internal control in our report dated July 2, 2007. This letter does not affect our report dated July 2, 2007, on the financial statements of TCEP.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with TCEP's management, and will be pleased to discuss these comments in further detail at your convenience and to perform any additional study of these matters;

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEAR'S COMMENTS

2006

The following summarizes our current year's comments and suggestions:

Condition

Considering the size of TCEP, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of TCEP's assets.

Recommendation

Management and the Board of Directors should continue to provide the level of oversight necessary in all key internal control areas.

Management's Response

Management of TCEP has and continues to develop policies and procedures and to provide the necessary oversight in key areas.

Condition

The operation of TCEP's internal control over financial reporting exhibited the following conditions:

- No mathematical verification is performed of all invoices prior to payment on the invoices;
- Bank accounts have not been formally closed;
- Lack of supervisory evidence to support the review of all bank account reconciliations;
- Several stale dated checks and deposits reflected as outstanding and/or in transit on the bank reconciliation schedules at June 30, 2006; and

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEAR'S COMMENTS,(CONTINUED)

2006

Condition, Continued

- Untimely preparation and submission of monthly financial statements to management and the Board of Directors;

It is our understanding through discussion with management that the impact of Hurricane Katrina to include TCEP's staffing levels contributed to some of the previously described conditions.

Recommendation

We recommend that management evaluate the conditions previously described with an aim towards ensuring the following:

- The mathematical verification on all invoices prior to payment;
- Formally close all bank accounts via Board resolution; and
- Timely preparation and submission of financial statements to include budgeted to actual variance reports to management and the Board.

Management's Response

Management of TCEP will resolve the described conditions by no later than September 30, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions and/or require further detail, please do not hesitate to call.

This report is intended solely for the information and use of Board of Directors, management, Governor's Office of Urban Affairs and Development, New Orleans Council on Aging, the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised State 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

July 2, 2007